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exd-357

26 February 1960

MEMORANDUM FOR: CHIEF OF BASE

SUBJECT: Type II FPA Procedures and Visit of FPA Team

1. This memorandum summarizes the activities of the FPA team during its visit to the Base between 5 February and 29 February 1960, for the purpose of installing Type II FPA procedures as prescribed in [REDACTED] recommendations made with respect to nonexpendable property procedures and other matters reviewed or discussed.

2. A review of the Base's non-expendable property records indicated that a unique situation prevailed here for which the Type II Material Record Card was not completely adequate. Type II procedures contemplate that all non-expendable property is "in use" at a Station or Base. This principle also applies with respect to this Base; however, it was necessary to recognize that the nature and size of the operation at this Base contributed to the number of units of non-expendable property on hand and to the fact that some non-expendable property was held "in stock" so far as the Base was concerned. It was found desirable from the Base's point of view to have some record of the property "in stock" at the base as distinguished from the property "in use" at the base. A modification of the stock record card was devised with concurrence of the Base's Logistics Officer, which provided the basic controls of monetary value of property "in use" in the field as contemplated by the Type II FPA as well as provided the Base with an informal local control in a literal sense of the property "in stock" at the Base. A sample copy of the modified stock record card is attached as a part of this report.

3. The physical inventories described below were recorded on 3 x 5 cards, on which each line item was described as to name, model, or type, manufacturer and serial numbers as available and appropriate, without the aid of inventory nomenclature cards. The 3 x 5 cards were prepared and units were recorded by location of property (in use or in stock) so that as necessary and desirable, memorandum receipts could readily be reviewed and updated from them. Upon completion of the physical inventories of all items and all areas, the count cards were reconciled with the Base's records of non-expendable property and changes made as necessary to nouns, nomenclature, serial numbers, etc. Additional stock record cards were prepared as necessary for non-expendable property found for which no card had been on file previously.

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Memo to Chief of Base, subj: Type II FPA Procedures and Visit of FPA Team, dtd 26 Feb 60 (Cont'd)

4. Accomplishments of the FPA team were as follows:

(a) The current physical inventory of household goods taken by Base personnel was accepted and was summarized and entered on the stock record cards.

(b) A physical inventory was made of all office furniture, office machines, hospital equipment, non-expendable hand tools and shop equipment, automobiles and automotive equipment, and ordnance items. In addition, a physical inventory was made of all non-expendable equipment in five warehouses both on and off the Base and in two houses off the Base not included in the inventory of household goods.

(c) A physical inventory was made of all technical equipment.

(d) A modified stock record card was prepared as explained in paragraph 2 above.

(e) The results of the physical inventories described above were recorded on the modified stock record cards as the opening inventory balances and the monetary value under Type II FPA. Prices were determined from existing records when available, were estimated based upon research of catalogues, and upon technical advice. The cost of the Philco System was obtained from Headquarters. Prices for household effects were either based upon the recorded cost, were estimated, or were based upon the price list recommended by Headquarters.

(f) An opening inventory monetary value for the Base was determined from the stock record cards, by material unit, as required by Type II FPA.

(g) A transaction control register was opened with the total monetary value and was posted with the current non-expendable property transactions. The use of the register was discussed with, and fully explained to the Logistics personnel.

(h) A memorandum was drafted for release by the Base to Headquarters to report the opening monetary value of non-expendable property by material unit.

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Memo to Chief of Base, subj: Type II FPA Procedures and Visit of FPA Team, dtd 26 Feb 60 (Cont'd)

(i) The prior non-expendable property stock record cards were removed from the kardex files and those records of materiel considered to be expendable and which showed a balance "on hand" were segregated for Logistic personnel so that such records could be maintained as a part of the records of expendable items. Note the recommendation in paragraph 6c below for instructions on the processing of such items under Type II FPA upon receipt from Headquarters.

(j) The current stock record cards were set up in visible kardex files by materiel unit and arranged alphabetically within each materiel unit. This segregation of records by materiel unit is important to provide a simple, direct method for determining the annual monetary value by materiel unit as required. This arrangement will also segregate groups of records which are comparatively inactive such as Units 1, 2, and 6 from the other groups on which there will be more activity of receipts and issues in terms of either Type II FPA procedures or in terms of the Base's informal records of "in stock" or "in use".

5. A comprehensive review of current records and procedures with respect to non-expendable property resulted in the following simplifications which should help to reduce the man hours required to maintain non-expendable property records under Type II FPA.

(a) Records of like items were consolidated and one card substituted where two or three cards had been used for similar items.

(b) Records of certain units of technical equipment were reduced to or picked up on one record card and its major components were listed thereon, thus one line item served to cover other items which were only components of the basic equipment. The Philco System was treated in this manner.

(c) Many items were considered by the FPA team as installed property, were dropped from accountable records, and were not picked up as part of the inventory records. For example, the electric generating plant including the generators, switching gear, control panels, fuel pumps, fuel tanks, etc. were considered as installed. Water pumps, a chlorinator, filters, etc. were other examples of installed equipment not picked up.

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Memo to Chief of Base, subj: Type II FPA Procedures and Visit of FPA Team, dtd 26 Feb 60 (Cont'd)

(d) Many items normally considered as non-expendable at the time of shipment were considered as expendable because of their end-use at the Base. Items such as motors, blowers, amplifiers, power supply units, etc., were in many instances considered as replacement parts at the Base in the same manner that spare parts would be stocked for the repair of an automobile. See Recommendation in paragraph 6b below that the end-use should be given full consideration when equipment is received at the Base in order to keep the Type II FPA procedures as simple as possible.

6. General recommendations to the Base, with respect to Type II FPA procedures are as follows:

(a) Under Type II FPA, non-expendable record cards should be prepared and placed in the file, or postings made to existing record cards, only upon actual receipt of the property. A few duplicate cards were removed from prior records. Some of the duplication appeared to be due to the fact that cards had been prepared at Headquarters and sent to the Base in the early days of organization; however, when the shipments arrived, a different nomenclature appeared on the shipping document and new cards were prepared without identifying and removing the original cards.

(b) The Logistics Officer at the Base should give full consideration to the end use of an item and determine at the time of delivery whether an item should be considered expendable or non-expendable. This determination should be made regardless of the fact the cost of the item exceeds \$10, since cost alone is not a controlling factor. For example, motors, blowers, and travelling wave tubes acquired as repair and replacement parts for technical equipment should be treated as expendable items of supply and excluded from Type II FPA even though they may be shipped as non-expendable items by Headquarters.

(c) Items received from Headquarters as non-expendable property, but which are determined by the Logistics Officer at the Base to be expendable, as recommended in the preceding paragraph, should be removed from the Type II FPA by the following procedures: Shipping document for property considered as expendable shall be entered on the transaction control register as a "wash entry", i.e., it should be recorded as a receipt (debit) and followed immediately on the next line with an issue (credit) entry with an appropriate certification that the end use at

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Memo to Chief of Base, subj: Type II FPA Procedures and Visit of FPA Team, dtd 26 Feb 60 (Cont'd)

the Base was such that the item was expended. No postings to non-expendable property cards are required under this method. The item, or items will be considered expended for Type II FPA purposes and the "wash" entry on the register will provide Headquarters with a record of the disposition of the non-expendable property transaction for reconciliation purposes at the end of the property record year. The Base should use its stock record cards of expendable items for control if the item is placed in stock.

(d) Antennas, antenna kits, and antenna mast units should all be excluded from non-expendable property records to maintain simplicity of records. Antennas are always subject to modification, removal, or are erected (installed) for short term test purposes and returned to stock. Parts of a kit are used and the remainder left in stock. To have considered antennas and kits as installed upon erection but non-expendable upon removal would have created an added burden of paper work under Type II FPA. In view of the situation prevailing, the Base was instructed to prepare a "WASH" entry for antennas and kits upon receipt and to maintain records on any units, parts or kits in same manner as kept on any expendable item.

(e) If prices are not provided the Base by Headquarters on non-expendable property shipments, the Base should immediately request such prices by dispatch from Headquarters. In the interim, the Base should record the shipment in the register, except as to price. When the price has been received, it should be recorded in the register and placed on the inventory record card. Items entered on the transaction register but not priced for the Base before an annual report is due to be submitted to Headquarters presents a problem which must be referred to Headquarters. The FPA team is aware of the importance of prices to Type II FPA and will recommend that Headquarters take steps to insure the prompt furnishing of prices and also furnish instructions with respect to the treatment of items entered on the control register without prices at the end of the property report year.

(f) The stock record cards should be maintained by materiel unit and alphabetically within such unit, as established by the FPA team. Unless the cards are maintained by such units, the workload of preparing the annual monetary report by materiel unit will be unnecessarily increased.

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Memo to Chief of Base, subj: Type II FPA Procedures and Visit of FPA Team, dtd 26 Feb 60 (Cont'd)

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(g) The transaction control register should be maintained as required by [REDACTED]. Each document should have all non-expendable items extended as to their total cost. The extended costs should be totalled and the total monetary value for all non-expendable equipment on the document should be entered on the register. The data recorded in the register must include the minimum requirements for Headquarters to identify the transaction, but may include other data considered by the Base to be essential for its purposes.

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(h) An inventory of non-expendable property and its monetary value has been determined by the FPA team as an opening inventory for purposes of establishing Type II FPA procedures. Any discrepancies to such inventory should be adjusted and any additional equipment found on subsequent inventories should be picked up on the property records as prescribed by the [REDACTED]

(i) The inventory records (work sheets and cards) should be used as the basis for reviewing, correcting and updating memorandum receipts. All non-expendable equipment "in use" in terms of the Base's use of the term should be on memorandum receipts. It is also recommended that responsible officers obtain hand receipts from individual users actually in possession of guns, cameras, slide rules, field glasses, and similar categories of equipment.

(j) After all memorandum receipts have been corrected or updated, the cards used for inventoring the technical equipment should be turned over to the technical personnel. These cards contain identification of equipment assigned to them and even though hand written, such cards would provide a record not heretofore available for reference by this group so far as the FPA team could determine.

(k) The Logistics Officer should, when practicable, establish one property record card for a major unit of equipment and list its major components on the reverse side of the card rather than establish a separate line item (card) for the basic item and one for each of its major components. See paragraph 5b for simplification provided in the establishment of the FPA procedures.

(l) The non-expendable property records previously in use should be retained for a period of approximately one year to provide for references to shipping documents or other transactions as may be necessary. They should not be permitted to become active in any way.

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Memo to Chief of Base, subj: Type II FPA Procedures and Visit of FPA Team, dtd 26 Feb 60 (Cont'd)

7. With respect to the workload on the Base to operate under Type II FPA procedures, it is the opinion of the Team that FPA can be maintained with no more man hours than currently used on non-expendable records, and possibly less man hours. The only possible additional workload will be the preparation of the annual monetary report, but it is believed that this can be spread over a reasonable period of time so that it can be absorbed. This opinion is based upon the simplification of procedures accomplished and recommended by the FPA team. The total number of cards on non-expendable property were reduced by approximately 5 percent. The maintenance of the register will be simplified by the posting of a single monetary total for each document. The register for the last seven months shows the receipt of ninety (90) documents representing 154 non-expendable items. Some of these items would probably have been excluded from non-expendable records by application of the recommendation that the end use of items be given careful consideration.

8. Other items discussed or reviewed with Base Logistic personnel were as follows:

(a) Expendable stock record cards and existing procedures with respect thereto were reviewed.

(b) Assistance was given in reconciling the vehicle status report (forwarded from Headquarters) by a physical inspection of the vehicles on hand and as listed on the Stock Record Cards by MV and by serial numbers. Differences noted will be discussed with Headquarters upon return.

9. The team personnel wish to express their sincere appreciation to the personnel of the base, both Logistical and technical. Without the generous and extremely helpful cooperation the task assigned would have been impossible. The team is indeed grateful. Also, the team appreciates the many personal courtesies extended which made the visit to this Base more pleasant.

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Memo to Chief of Base, subj: Type II FPA Procedures and Visit of
FPA Team, dtd 26 Feb 60 (Cont'd)

Attachment:

Revised Stock Record Card, Form No. 16B

Distribution:

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1 - DDS w/att
1 - Comptroller, (Attn: Chief, TAS) w/att
1 - OL (Supply Div) (Attn: Chief, Supply) w/att
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